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16 March 1961

CURRENT SUPPORT BRIEF

BLOC ASSISTANCE FOR AGRICULTURAL DEVELOPMENT
IN UNDERDEVELOPED COUNTRIES

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

This report represents the immediate views of the
originating intelligence components of the Office
of Research and Reports. Comments are solicited.

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BLOC ASSISTANCE FOR AGRICULTURAL DEVELOPMENT
IN UNDERDEVELOPED COUNTRIES

While officials of the Sino-Soviet Bloc continue to emphasize industrialization as the chief means by which underdeveloped countries can eliminate "colonial domination," they also recognize the importance of the agricultural sector in the economic development of these countries. The Soviet attitude toward agricultural development in these areas, for example, was defined in a speech by the chief Soviet delegate at the Afro-Asian Conference in Cairo in December 1957:

"When speaking about the need for a comprehensive development of the manufacturing industry we by no means consider that the underdeveloped countries should give up or slacken expansion of the mining industry or agriculture. On the contrary. . . agriculture and extracting industry may become the basis for developing many other branches of the economy and a source of foreign exchange . . . "

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1/ taken from speech,
 1/ attachment to [redacted] (speech is that when removed)

25X1A

Assistance for agriculture accounts for more than one-quarter of the total obligations under economic credits thus far extended by the Bloc. Bloc financial and technical assistance for agriculture, most of which has been extended by the USSR, totals about \$640 million. Approximately 95 percent of this has been allocated for large multi-purpose projects in which expected benefits to agriculture, both direct and indirect, constitute the primary justification.

Table 1

Agricultural Assistance Obligated Under Bloc Credits
 (In Millions of U.S. dollars)

	Total Obligated for All Economic Projects	Amount Obligated for Agricultural Projects
Afghanistan	214	47
Burma	12	1
Cambodia	55	12
Ceylon	27	17
Ethiopia	48	1
Ghana	10	8
Guinea	31	30
India	778	2
Indonesia	218	63
Iraq	55	20
Tunisia	6	6
UAR - Egypt	552	325
UAR - Syria	177	104
Yemen	39	5
	2,222	641

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N-O-F-O-R-N C-O-N-T-I-N-U-E-D C-O-N-T-R-O-LMulti-Purpose Projects

Most Bloc aid to agriculture consists of large multi-purpose projects whose chief purpose is to provide irrigation, reclamation, hydroelectric power and flood control facilities and expand the amount of cultivable land available to the recipient country. A minimum of about \$520 million has been obligated for such projects. This total will be much larger when a number of surveys presently underway is completed, and additional funds are obligated for similar projects.

The largest single project in this category is the Aswan High Dam (Sadd-El-Aali Project), for which the USSR extended credit amounting to \$325 million, one half of the total aid for agricultural development. The completion of this project will contribute substantially to the development of agriculture in the Egyptian Region. Cultivable land will increase by 1.3 million acres and 700,000 acres will be converted from basin to perennial irrigation.^{2/} As a result, the area under cultivation will be increased by 30 percent and national income by an estimated 35 percent.^{3/} In the Syrian Region, the USSR provided credits totalling \$85 million for a number of projects which will bring under cultivation about 1.6 million acres of land, thereby increasing the area under cultivation by 13 percent.^{4/}

Technical Assistance

Technical assistance, which has become an important feature of Bloc economic aid to the underdeveloped countries, frequently includes surveys of agricultural requirements, soil research, the establishment of state farms, the development of new crops, and the provision of technical training. About \$73 million has been obligated by the Bloc specifically for technical assistance to agriculture, with the USSR and Communist China accounting for about 90 percent of this sum.

It is estimated that, during the last six months of 1960, 865 Bloc technicians were working on agricultural development projects in underdeveloped countries. The number so engaged represented about 15 percent of all Bloc economic technicians in these countries. Approximately 85 percent of all Bloc technicians employed on projects related to agricultural development during the last half of 1960 were employed in the UAR and Afghanistan. In the case of the UAR, more than half of all Bloc economic technicians present were so assigned.

Miscellaneous Projects

Approximately ^{\$55}\$60 million has been obligated for projects designed to contribute immediately to the development of agriculture. Almost all of these projects involve the construction of grain storage facilities, fertilizer plants, and agricultural equipment plants.

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- 2/ UAR, Department of Information, Sadd El-Aali Project, Dec 58, U.
3/ Egyptian Gazette, 6 Jan 60, U.
4/ State, Damascus, Rep 73, 17 Sep 58, U.

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Table 2

Bloc Assistance for Multi-Purpose Projects
(In millions of U.S. dollars)

<u>Recipient and Bloc Countries</u>	<u>Value of Agreement</u>	<u>Project</u>
Afghanistan-USSR	22.4 ✓ <i>FBIS, me 8 WE, # 14, 21 Jan 60 20.0 ✓ N.Y. Times 15 Feb 60, p 4 State, Kabul Rep 695 10 June 58 S/with U</i>	<u>Jalalabad Dam</u> ✓ Facilities to irrigate 77,000 acres and install 11,000 kw capacity. <u>Naghlu Hydroelectric Station</u> ✓ Regulate flow to Jalalabad Dam and provide 60,000 kw capacity. <u>Pul-i-Khumri II Hydroelectric Project</u> Installation of 9,000 kw capacity.
Cambodia-Communist China <i>State, Sino-Soviet Bloc, U.</i>	<i>8.1 (circled) ✓</i>	General development related to agriculture.
USSR State, PP, IT 759, <i>21 Dec 60, U.</i>	N.A. ✓	Surveys of two multi-purpose projects.
Ceylon-USSR	N.A. ✓	<u>Kelani Ganga Basin</u> Irrigation and hydroelectric facilities. <u>Malawatu Oya Irrigation Dam</u> Design of project.
Ghana-USSR <i>State, Accra, D 335, 14 Nov 60, C</i>	N.A. ✓	<u>Bui Hydroelectric Station</u> Estimated total cost of project is \$71.4 million.
Guinea-USSR <i>State, Conakry, IT 360, 30 Jan 61, C.</i>	N.A. ✓	<u>Konkouré River Development</u> Complex includes irrigation, reclamation, and hydroelectric power.
Indonesia-USSR <i>State, Djakarta, D 503, 5 Jan 61, C</i>	50.0 ✓	<u>Asahan Complex</u> Dam, hydroelectric and irrigation facilities.

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N-O-F-O-R-N C-O-N-T-I-N-U-E-D C-O-N-T-R-O-LTable 2
(Continued)Bloc Assistance for Multi-Purpose Projects
(In millions of U.S. dollars)

<u>Recipient and Bloc Countries</u>	<u>Value of Agreement</u>	<u>Project</u>
Iraq-USSR <i>Middle East Economic Digest</i> <i>Vol IV, No. 19, 20 May 60, U;</i> <i>Vol IV, No. 6, 12 Feb 60, U.</i>	0.5 ✓ (Cost of surveys for location of 2 dams)	<u>Development of Tigris and Euphrates River Basins</u> Development of irrigation and hydroelectric facilities. Drainage system presently being designed with a 310 mile canal to remove salinated water and improve soil of 7.4 million acres.
Poland MEED, 15 July 60, U.	0.8 ✓	<u>Land Reclamation Scheme</u> To reclaim about 700,000 acres.
Tunisia-USSR <i>State, Tunis,</i> <i>IT 900, 31 Jan 61, C.</i>	6.0 ✓	Construction of dams at Kessab, Sadjane, and Djoumine.
UAR - Egypt-USSR <i>Various sources</i> <i>U.</i>	325.0 ✓	<u>Aswan High Dam</u> Increase cultivable land by 1.3 million acres; conversion of 700,000 acres from Basin to perennial irrigation; hydroelectric power capacity of 2.1 million kw.
UAR - Syria-USSR <i>State, Damascus,</i> <i>Day 73, 17 Sep 58, U.</i>	70.0 ✓ 14.5 ✓	<u>Euphrates River Project</u> Irrigation facilities for 1.5 million acres; construction of hydroelectric power facilities with 100,000 kw, eventually to be increased to 550,000 kw. <u>Orontes, El-Kebin, Barada, Khabur, and Yarmuk Projects</u> Irrigation facilities for about 105,000 acres; construction of hydroelectric power facilities with 287,000 kw capacity.
TOTAL	521.1	

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Table 3

Bloc Technical Assistance for the Development of Agriculture
(In millions of U.S. dollars)

<u>Recipient and Bloc Countries</u>	<u>Value of Agreement</u>	<u>Project</u>
Burma-USSR	0.6 ✓	Between 1956 and 1960, several teams of specialists surveyed Burmese agricultural requirements and provided assistance for classification of soil, establishment of agricultural engineering and agronomy projects, determination of irrigation projects and establishment of a machine tractor station and a state cotton farm.
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Cambodia-Communist China	2.4 ✓	Studies of soil erosion; cultivation of new crops; establishment of an experimental farm, a forestry station, and three livestock breeding centers.
State, PP, D 44, 16 Aug 60, U.		
	N.A. ✓	Reorganization of producer cooperatives; improvement of rice cultivation; and introduction of new crops such as grapes and tea.
State, PP, IT 759, 27 Dec 60, U.		
Ceylon-USSR State, Colombo, Dep 958, 26 May 60, C.	Est. 1.0 ✓	Development of sugar cane and cotton acreage.
Ethiopia-Czechoslovakia State, D 345, 28 May 60, C.	Est. 1.0 ✓	Establish one cotton and one sugar state farm.
Ghana-USSR State, Accra, Dep 424, 23 Dec 60, C	Est. 7.5 ✓	Establishment of two state rice farms, one cotton farm, and one maize farm, each consisting of 5,928 acres; survey of water resources; technical training for state farms.

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Table 3
(Continued)

Bloc Technical Assistance for the Development of Agriculture
(In millions of U.S. dollars)

Recipient and Bloc Countries	Value of Agreement	Project
Ghana-East Germany, Poland and USSR <i>State, Accra, Dec 22, 3 Oct 60, C</i>	N.A. ✓	Development of agricultural producer cooperatives.
Guinea-Communist China <i>State, Hong Kong, Dec 20, 16 Sep 60, 000</i>	25.0 ✓	Machinery, equipment and technical services for general agricultural development; establishment of a rice farm.
USSR <i>USSR, FBIS, EE #42, 2 Mar 60, 000</i>	<i>Est 5.5</i> ✓	Development of a 17,000 acre rice farm and several dairy farms.
India-USSR <i>Christian Science Monitor, n.</i>	1.8 ✓	Suratgahr 30,000 acre experimental farm.
Indonesia-Czechoslovakia <i>State, Djakarta, D 503, 58 Aug 61, C</i>	0.8 ✓	Development of irrigation facilities in Brantas River area.
USSR	7.3 ✓	Establishment of two mechanized rice farms.
USSR <i>FBIS, FE #30, 14 Feb 61, 000</i>	6.5 ✓	Two state rice farms totalling 24,700 acres.
Iran-USSR <i>FBIS</i>	N.A. ✓	Survey of agricultural cooperative system in Indonesia.
Iraq-USSR <i>Middle East Business Digest, Vol II, No. 65, 16 Dec 60.</i>	1.0 ✓	Assistance to eliminate locust problem.
MEED, Vol IV, No. 5, 5 Feb 60	4.5 ✓	Experimental state farms for sugar beets, cotton, rice, grain, and medicinal herbs encompassing 50,635 acres.
		Machine tractor stations at Kirkuk, Mosul and Kut.

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Table 3
(Continued)

Bloc Technical Assistance for the Development of Agriculture
(In millions of U.S. dollars)

<u>Recipient and Bloc Countries</u>	<u>Value of Agreement</u>	<u>Project</u>
Morocco-Communist China <i>State, Rabat, Dep 291, 14 Jan 60, 000.</i>	N.A. ✓	Study to determine feasibility of growing tea in Meknes area.
Yemen-USSR <i>State, Cairo, IT 1887 19 Dec 59, 200</i>	5.0 ✓	Survey of Yemen's agricultural development needs and equipment for certain projects; study of plant and pest control.
UAR - Egypt-USSR <i>Middle East Economist & Financial Service Vol XIII, No. 2, Feb 59</i>	0.3 ✓	Establishment of six stations to service agricultural equipment.
<i>The Middle East Economist No. 10-59, Oct 59</i>	N.A. ✓	Survey of underground water resources.
UAR - Syria-USSR <i>FBS, ME2WE #127, 30 June 59, 000</i>	N.A. ✓	Study of cotton pest problem.
<i>State, Aleppo, Dep III 12 Jan 61, 000</i>	N.A. ✓	Survey of problems related to irrigation, cotton production and development of forest resources.
<i>State, Damascus Dep 73 17 Sep 58, 2</i>	2.5 ✓	Survey of underground water resources; construction of grain storage facilities.
	0.4 ✓	Establishment of an agricultural research laboratory.
TOTAL 73.1		

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Table 4

Miscellaneous Agricultural Development Projects
 (In Millions of U.S. dollars)

<u>Recipient and Bloc Countries</u>	<u>Value of Agreement</u>	<u>Project</u>
Afghanistan-USSR	Est. * 0.2	Grain silo, Pul-i-Khumri State, Sino-Soviet Economic Offensive. U.
Cambodia-Communist China	Est. 0.1 ✓	Small farm implements plant. State, PP IT 759, 27 Dec 61
Czechoslovakia	Est. 1.0 ✓	Tractor assembly plant; capacity of 600 units annually. State, PP, Rep 208 10 Jan 61, U.
Ceylon-Communist China	15.8 ✓	Rubber rehabilitation program. State, Sino-Soviet Economic Offensive, May 58, U.
Ghana-USSR	State, Accra Rep 424, 23 Dec 60, C N.A. ✓	Survey for tractor assembly plant.
Indonesia-USSR	State, Djakarta D 503, 5 Jan 61 C 8.0 ✓	Fertilizer plant; annual capacity of 100,000 tons.
Iran-USSR	Est. 0.2 ✓	Grain silo at Shiraz. FBIS
Iraq-USSR	State, Baghdad, D 692, 25 Jan 59 C Est. 0.5 ✓ Est. 12.7 ✓	Agricultural machinery plant; annual capacity of 17,000 tons.
	FBIS, ME & WE # 32, 16 Feb 61, OVO 1.3 ✓	Fertilizer plant; annual production of 60,000 tons of ammonia.
UAR - Syria-Bulgaria	State, Damascus D 205, 27 Oct 56, U. 1.0 ✓	Two grain elevators; capacity of 12,000 tons each.
USSR	15.1 ✓ State, Damascus, Rep 107, 25 Oct 60, C.	Grain elevator, Latakia; 30,000 tons capacity.
		Fertilizer plant; annual capacity of 55,000 metric tons by 1963, eventually to be expanded to 110,000 metric tons.
TOTAL 55.9		

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Analyst:



Sources:

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The information contained in this Brief was derived from a variety of sources. These sources are available in the Trade and Finance Branch, Soviet Penetration Section, of the Economic Research Area, ORR.

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